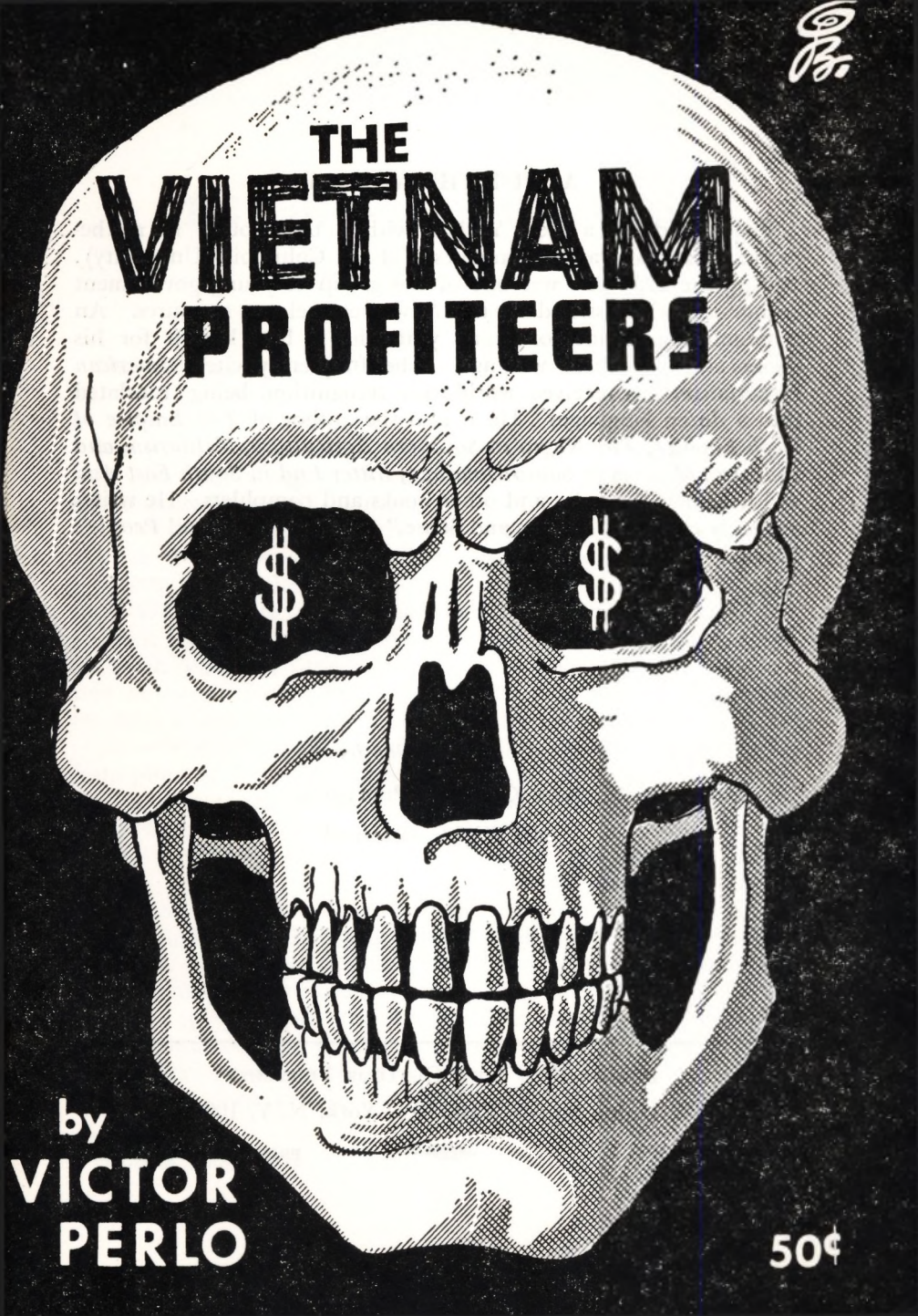
THE
VIETNAM
PROFITEERS
by
VICTOR
PERLO
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ABOUT THE AUTHOR

Victor Perlo is a New Yorker, with a background in mathematics, statistics, and economics (M.A., Columbia University). During the 1930's he was one of the group of young government economists who assisted in the New Deal reform measures. An economic consultant for many years, he is best known for his books and periodical writings. The frequently cited *American Imperialism* has received world-wide recognition, being translated into a dozen languages. He is also the author of *The Empire of High Finance, The Negro in Southern Agriculture, Militarism and Industry, Marines in Santo Domingo, Bitter End in South East Asia* (with Kumar Goshal), and other books and pamphlets. He writes a weekly column, "Dollars and Sense," for the *Worker* and *People's World.*

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THE VIETNAM PROFITEERS

By Victor Perlo

Herbert Fuller is an American promoter who wants to set up a $10 million sugar mill in South Vietnam. He is a "fervent believer in South Vietnam's future."

Unfortunately, the people who live there do not want him or need him and his sugar mill. So he is waiting for American bombs and napalm to get rid of them:

> "When the troops arrive to clear the area, as they sooner or later must, this American capitalist will literally be one step behind them. . . . 'I am in it for the money,' Fuller says. 'We could get back our investment in two years.' "*

Much has been written about the political and military stakes in South Vietnam, little about the economic prize. Yet this is a very important factor. You cannot understand fully what is going on there unless you know it. It is a sordid story, a ghoulish story of those who seek profit out of the death of others, from the small-scale pimp to the international billionaire. The main victims are the Vietnamese themselves. There "life is cheap"—the U.S. military values it at $34 per head.

The Vietnamese know what is going on, but many Americans do not. And many Americans do not know that they also are victims of this war—potential battlefield victims and actual economic victims of the same people who profiteer in Vietnam. American "lives are precious." The U.S. contractors operating in Vietnam insure their American supervisors and foremen for $50,000 each. But it is worthwhile, since American coroporations, including these contractors, are getting $10 billion extra profits a year out of American labor on account of the Vietnam War.

The American people are deeply divided about the war in

Fortune, March 1966.

Vietnam. Many favor it, believing the political and moral arguments of their government. Many oppose it, believing that the military actions of the government are contrary to human morality and international law and treaties. Many are uncertain; knowledge of the economic facts will help them make up their minds.

In a speech designed to justify the Vietnam War, President Johnson discussed the problems of Asia, Africa, and Latin America, saying:

> "In all these regions we, too, have a very big stake, and nowhere are the stakes higher than in Asia . . . First is the determination of the United States to meet our obligations in Asia as a Pacific Power . . . We will not retreat from the obligations of freedom and security in Asia . . . as our great President Theodore Roosevelt once remarked—this may be the greatest of all human eras—the Pacific Era."*

The reference to Theodore Roosevelt is revealing. Roosevelt was the president of the "Big Stick," of unashamed imperialism. Colony grabbers and empire builders, from Senator Beveridge in 1898 to Virgil Jordan in 1940, have always emphasized the Pacific as the most promising area for expansion.

Administration spokesmen emphasize the strategic importance of Vietnam in relation to this entire area. Certainly, it is a key area geographically. It is almost in the center of the entire group of countries of East Asia and Southeast Asia. Bordering on China, it also is within 500 miles of every country from India to the Philippines. A permanent base there would give the owner a militarily dominant position over that entire area with its 1½ billion people.

Equally stressed is its political importance. The war fought by the South Vietnamese National Liberation Front against the United States is the largest scale contest ever fought by a small people against a great power—one with the world's largest industry, Navy and Air Force. Administration spokesmen regard it as a test. If the U.S. loses, it will encourage similar outbreaks in many other places. If the U.S. wins, it will, presumably, show potential guerrillas they do not have a chance, and strengthen pro-U.S. forces in every other poor country. President Johnson, for example, pointed

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New York Times, July 13, 1966.

to the anti-Communist coup in Indonesia as a fruit of the U.S. "standing firm" in Vietnam.

Without underestimating the importance of military and political factors, it is the purpose of this pamphlet to concentrate on the economic. All three are inextricably tied together. The economic factors are least known to the general public, most obscured in official publicity. Yet they are the underlying driving force of U.S. policy in the Far East, and have been since Admiral Perry's armada steamed into Japanese waters to open that kingdom up to American traders.

Politicians Give the Game Away

The United States was in Vietnam financially for years before it entered militarily. It was helping France keep Vietnam and the other countries of Indochina in colonial bondage. After the French were beaten the United States took over the fight, in the name of the supposedly independent government of South Vietnam.

In 1953—before the French gave up—President Eisenhower explained why the United States was spending so much to help them. He was addressing the Annual Conference of Governors, hard-boiled politicians who could understand a realistic approach. This speech is worth quoting at length:

> "You have seen the war in Indochina described variously as an outgrowth of French colonialism and the French refusal to treat indigenous populations decently. You find it yet described as a war between the Communists and the other elements in Southeast Asia, but you have a confused idea of where is located Laos or Cambodia or any of the other countries that are involved.
>
> "You don't know really why we are so concerned with the far-off southeast corner of Asia. Why is it?
>
> ". . . Now let us assume that we lose Indochina. If Indochina goes, several things happen right away. The Malay Peninsula, the last little bit of land hanging on down there, would be scarcely defensible. The tin and tungsten we so greatly value from that area would cease coming. . . .
>
> "All of that position around there is very ominous to the United States, because finally if we lost all that, how would the free world hold the rich empire of Indonesia?
>
> "So you see, somewhere along the line, this must be blocked

and it must be blocked now, and that's what we are trying to do.

"So when the U.S. votes $400,000,000 to help that war, we are not voting a giveaway program. We are voting for the cheapest way we can to prevent the occurrence of something that would be of a most terrible significance to the U.S.A., our security, our power and ability to get certain things we need from the riches of the Indonesia territory and from Southeast Asia."*

Ten years later, Eisenhower added "prodigious supplies of rubber and rice" to the commodities at stake, Thailand and East Pakistan to the countries.**

Everybody remembers the "falling dominoes" theory of John Foster Dulles, who was Eisenhower's Secretary of State and trusted counselor on foreign affairs. Dulles put it strictly in military and political terms. As a veteran lawyer for the largest American corporations, specializing in their overseas expansion efforts, he knew very well what the economic stakes were. He was smart enough to keep quiet about it in public, but not smart enough to keep Eisenhower uninformed.

The President was not discreet. He gave away the economic side of the "falling dominoes" theory. He urged the governors not to worry about the "confusing" political arguments, and to get down to cold cash. Southeast Asia, whether nominally independent or not, could be an exceptionally rich economic empire which U.S. corporations were in process of taking over from former European owners. To complete the process, it was necessary to defeat all local movements that wanted to control their own resources and have real independence.

The most economical way to do this was to get the old colonial powers to suppress the "natives," and to pay them for the job. The U.S. had done this successfully with the British in Malaya, but it failed with the French in Indochina. The U.S. took over the "white man's burden," and it has already spent more on conquering Southeast Asia than the value of raw materials that will be taken out in several decades. But the corporations hoping to be the beneficiaries of U.S. victory care nothing about that—they will get the profits. The American people as a whole are

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New York Times, August 5, 1953.

**Dwight D. Eisenhower, *Mandate for Change*, N.Y., 1963, p. 333.

paying the cost in blood and money; the Vietnamese people are paying an infinitely heavier cost as the Pentagon's war against them approaches genocide.

The Democratic Administration which carries on the war has the same economic motives as the Republican Administration which started it. Secretary of State Rusk told a group of Congressmen what President Johnson meant by "the great stakes in the balance" in Vietnam:

> "With its archipelagos, Southeast Asia contains rich natural resources and some 200 million people. Geographically, it has great strategic importance . . . more is at stake than preserving the independence of the peoples of Southeast Asia and preventing the vast resources of that area from being swallowed by those hostile to freedom."*

Cagey Rusk let his guard slip only momentarily in the midst of his customary anti-Communist rhetoric. But Senator Gale McGee (Dem.-Wyo.), Mr. Johnson's leading pro-Vietnam War spokesman in the Senate, put it more bluntly:

> "The Empire in Southeast Asia is the last large resource area outside the control of any one of the major powers. . . . In the hands of one . . . it can upset the balance of the world. . . . I believe that the conditions of the Vietnamese people and the direction in which their future may be going are at this stage secondary. . . ."**

McGee, like Eisenhower, openly refers to Southeast Asia as an Empire, to be owned by the United States. And he reveals complete disregard for the political rights of the Vietnamese people, contradicting the official argument that the war is being fought for their freedom.

Is it true that the United States could suffer from loss of Southeast Asian raw materials? No!

There are alternate sources of supply. More likely the Vietnamese, for example, will agree to sell us *their* raw materials on normal commercial terms. Other former colonial countries, including socialist-oriented ones, continue to sell raw materials to those capitalist countries interested in buying them. The USSR, since

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*Dean Rusk, in U.S. Dept. of State, *Why Vietnam*, pamphlet, August 1965.
**_Congressional Record_, February 17, 1965.

its great industrial development, sells many times more petroleum, chromium, and other materials than Czarist Russia ever did.

Most important of all, these materials are not "ours" to "lose." Official and press references to our "losing" China, and our danger of "losing" Southeast Asia represent a bandit's point of view. Politicians mean that liberated countries would no longer permit U.S. corporations to take out the raw materials for only trivial payment, would no longer let them own the mines, pay coolie wages to the workers, interfere in internal politics, and monopolize the materials so that they could not be used for national development.

Actually, U.S. corporations have their sights set on much more than the raw materials of Southeast Asia, the traditional colonial loot. In the modern pattern, they want *also* to exploit the hundreds of millions of people there, as extremely low-wage factory workers, in the biggest extension yet of the international runaway shop.

U.S. Investments in Eastern Asia

Already the Far East is a major area of U.S. corporate investment. Between 1950 and 1965 such investments multiplied 6½ times, from $309 million to more than $2 billion. By contrast, U.S. corporate investments in Latin America and the Middle East increased "only" 2-2½ times. In 1966 U.S. corporations planned to put a record $537 million of plant and equipment into investments in the Far East. A similar amount is going into the economically and politically related Australia. The total of over a billion dollars going into the Far East and Oceania exceeds the record volume being put into that traditional focus of U.S. foreign investments—Latin America.

The largest U.S. investments are in those Far Eastern countries where U.S. domination has lasted longest. The Philippines was the first U.S. colony in the Far East. When independence was conceded after World War II, the U.S. forced the Philippines to grant sweeping economic privileges to U.S. corporations and long-term leases on military bases to the U.S. military.

In Japan, U.S. occupation and retention of military bases there made it possible for U.S. corporations to multiply their prewar positions. U.S. direct corporate investments in Japan reached $676 million in 1965, followed by the Philippines with $529 million,

India with $253 million, and Indonesia with a 1963 total (none later has been published) of $167 million.*

Shortly after the Indonesian Government moved to nationalize these investments in 1965, a bloody reactionary coup promised to restore the position of foreign investors. The military regime has manipulated exchange rates to improve foreign profits, and it is studying investment laws of countries where U.S. corporations have everything their own way. The U.S. Government has reopened "normal" economic aid, as: "A scattering of businessmen, Americans among them, already are back in Djakarta taking soundings."**

Standard Oil (New Jersey) has scores of producing, refining, chemical, and distributing operations in all the non-socialist Far Eastern countries. Caltex (Standard of California and Texaco), is nearly as widespread, with special emphasis on Indonesia, where it doubled output in five years despite Sukarno.

The big four rubber corporations are also very important in the Far East. Firestone for example, has plantations in the Philippines, rubber preparing plants in India, tire plants in India, Thailand, Japan, and the Philippines. Goodrich, U.S. Rubber, and Goodyear have similar enterprises.

Occupying a key role in the U.S. investment structure are the top three $10 billion dollar banks. The Bank of America has 18 branches in 11 countries, Chase Manhattan 8 in 5 countries, and the First National City Bank tops them all with 26 branches in 9 countries.

Low-Wage Corporate Utopias

U.S. investments in the Far East are growing most rapidly of all in the new protectorates of the United States—Taiwan, South Korea, and Thailand. These three countries are occupied by U.S. troops and actively participate with the U.S. in the Vietnam War. Chiang Kai Shek supplies mercenaries—specialists in torture—to carry out frightful acts against captured soldiers and civilians for their American masters. Tens of thousands of South Korean troops have been brought over to South Vietnam to assist the Americans in fighting, and as police forces and construction battalions. Thailand supplies the major airbases from which U.S.

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*U.S. Dept. of Commerce, *Survey of Current Business*, August 1964, September 1966.

***Business Week*, July 30, 1966.

airplanes attack North Vietnam and Laos and threaten Cambodia. All three are military dictatorships.

Years of political turmoil delayed direct investment in Taiwan and South Korea after the U.S. took them over during the Korean War. But recently the U.S.-installed dictatorships have become sufficiently stable for corporations to move in. Having passed from one colonial overseer to another, labor there never had a chance to organize and establish conditions of elementary decency.

Japan was long known as *the* low-wage center. But Japanese workers, organized into mass unions led by progressive forces, have launched militant struggles and won real wage increases. While still low, they are far above those in Taiwan and South Korea, where the U.S. military and its sponsored governments forbid genuine union activity.

Taiwan: *Business Week* reports U.S. corporations are flocking to Taiwan, and especially to South Korea, because wages in Taiwan are only one-fourth those in Japan and in South Korea only one-eighth those in Japan. "A young girl working on a transistor line in Pusan, for example, gets about 35¢ a day."* That's 3½¢ per hour, or one-fiftieth of wages for similar work in the United States. A Taiwan government official says: "Whatever Japan and Hong Kong can export, we should be able to produce here cheaper."

Allied Chemical, Socony Mobil, Gulf Oil, National Distillers & Chemical Corp. have major projects in petrochemicals, fertilizers, etc. Toymaker Louis Marx & Co. typifies many smaller U.S. companies moving in to produce cheap export goods for U.S. and world markets. Total new foreign investments, mainly U.S., jumped from $2 million in 1959 to $23 million in 1963 and $48 million in 1965, with another $250 million U.S. investments planned for 1966-67. Soon Taiwan will challenge such an old center as the Philippines in the volume of U.S. investments.

South Korea: An American light industry operator told me he transferred his buying from Japan and Hong Kong to South Korea. So have Macy's, Sears Roebuck, and Montgomery Ward. Gulf Oil, Swift & Co., Skelly Oil, Fairchild Camera, and Continental Carbon are among big-name U.S. investors in South Korea.

During the Korean War there was heavy fighting for possession of the tungsten mines. They ended up divided. The U.S. Agency

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**Business Week*, May 7, 1966.

for International Development (AID) sees to it that U.S. firms get a cut of all South Korea's rich resources. Mineral Industries Engineers, Inc., of Colorado "assisted" in a South Korean resources development program under an AID contract. The AID also helped the Korean Consolidated Mining Co., Ltd., a U.S.-owned gold mining company. Another beneficiary is the Wah Chang Co. of New York, world's largest tungsten processor, which provides "technical assistance" to the Korean Tungsten Mining Co. in setting up a tungsten metal plant.

To show their hospitality, South Korean officials built the $4 million, exclusive, segregationist, Walker Hill Resort. Named after a U.S. general, it caters only to U.S. troops and foreign tourists. It advertises bars, bowling alleys, a night club, restaurants, hotels and motels, a huge gambling casino, Turkish baths, a Bank of America office, and, implicitly, an ample supply of prostitutes for the U.S. officers. Patriotic Koreans have demonstrated against this flagrantly colonialist institution.

Thailand: U.S. companies have taken over the oil and metals of Thailand as the military have taken over the seaports and airfields. Union Oil of California is exploring, Standard Oil of New Jersey is supplying a government refinery, and Shell (Anglo-Dutch) is managing the largest refinery in Southeast Asia for a U.S.-European consortium.

Union Carbide has a 50% interest in a 15,000-ton tin smelter, whose capacity is being expanded to 21,000 tons. A huge new tin find has recently been reported in Thailand. Kaiser Aluminum has a 35% interest in an aluminum rolling mill. A U.S. owned company, Mining Products Co., Ltd., handles the rising antimony output.

The U.S. military presence gave the State Department leverage to extract one of those investment agreements wherein all the benefits flow to the U.S. corporations, none to Thailand. Under the December 1965 agreement, investors are guaranteed against losses because of war, insurrection, and a wide range of risks, *including normal business risks.* The Thai Government guarantees against expropriation or nationalization, not to set up any competing enterprise, exemption from almost all taxes, and, on request, prohibition of competing imports.

Why do such governments invite U.S. troops and give such concessions? Invariably these governments consist of militarists and

feudal landlords, often personally chosen by U.S. agencies. They get payoffs from the U.S. corporations as bribes for concessions, sub-contracts for construction, better jobs for members of their families. They get "foreign aid" in money, much of which finds its way into their numbered Swiss bank accounts, and in help to suppress their own people.

A partial parallel can be seen in the giveaway tax concessions offered corporations by southern towns. The U.S. corporations reinforce the segregated pattern of life, give the local merchants business selling to workers employed in the factories, bribes to local officials, and executive jobs to family members of the local power structure.

American unions rightly denounce this as anti-labor, designed to break down hard-won national standards. The investment guarantees by Asian, Latin American, and other foreign countries are a more far-reaching move, directed partly against American labor, on a worldwide scale.

Wall Street for the War

Since the escalation of the war in Vietnam began, literally tens of thousands of professionals, clergymen, prominent people in all walks of life, have signed newspaper advertisements opposing the war in Vietnam. There was one special ad signed by 110 businessmen.

Against this barrage, there appeared an advertisement completely supporting Johnson's Vietnam policies signed by 45 individuals.* These 45 command more wealth and political influence than all of the tens of thousands signing opposing ads. Thirty are top-rank bankers and industrialists; the others mainly university presidents, appointed by ultra-rich trustees, and a few publishers and editors of pro-war periodicals.

The group's leader was ex-diplomat Arthur H. Dean, who inherited the mantle of John Foster Dulles as senior partner of Sullivan and Cromwell. This is the paramount law firm of corporate America. Significantly, it represents important corporations in the Rockefeller orbit, for this group is the most conspicuous among the ad's signers.

Chase Manhattan Bank Chairman David Rockefeller appears beside directors and former high government officials C. Douglas Dillon, Eugene R. Black and John J. McCloy. Kenneth Young left

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New York Times, Sept. 9, 1966.

Standard Oil (New Jersey) to take charge of the Bangkok Embassy. Lewis F. Powell, general counsel for the Rockefellers' Colonial Williamsburg, Inc., and other Rockefeller associates are on the list. New York Governor Nelson Rockefeller, not a signer (no politicians are), has been conspicuous among Republicans for his unqualified and outspoken support of President Johnson's war policies

The House of Morgan is not far behind on the list of Wall Street supporters, with Morgan Guaranty Chairman Thomas S. Gates, director and former diplomat Robert D. Murphy, and other Morgan associates.

Other key Wall Streeters include André Mayer, head of Lazard Frères, with important financial and war industry connections; former Kuhn Loeb attorney and Defense Department deputy secretary Roswell Gilpatric; Delaware University President and a du Pont Museum trustee, John A. Perkins. California high finance is represented by paper magnate Harold Zellerbach, electronic munitions maker David Packard, and lawyer-banker Herman Phleger, an old Dulles aide. Attorney Frank L. Snell is a director of Arizona Bancorporation, Bagdad Copper, and other companies owned by Goldwater's personal clique. Texas oil and cattlemen, Southern capitalists and lawyers, close the circle.

Hundreds of thousands throughout the country have participated in scores of major demonstrations against the war in Vietnam. The war's advocates have been able to mount only one sizeable meeting, in Atlanta, where only 10,000 of the predicted 50,000 turned out, mostly from all-white Georgian colleges. But they supported the war and demonstrated in luxury! Lockheed Aircraft, the country's number one military contractor, Sears Roebuck, and Cluett Peabody supplied airplanes to bring students and speakers to the demonstration. The leading corporations of Georgia contributed $60,000, tax-exempt by a special Internal Revenue ruling. And segregationist publisher Roy Harris and top Georgia politicians acted as sponsors.*

Mr. Johnson has even surpassed former President Eisenhower in the extent to which the White House has become Open House for the top tycoons. The Business Council, that congregation of the industrial-financial elite which constitutes "by far the most influential" behind-the-scenes power bloc in the United States,

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New York Times, Feb. 13, 1966.

has more than recovered from its nominal downgrading by the late President Kennedy:

> "President Johnson has wined and dined its members at the White House, danced with their wives, made speeches at their meetings, consulted them on grave decisions and appointed their members to tasks of honor and responsibility."*
>
> "The Council's role as consultant to the Government has expanded enormously since Mr. Johnson has been President and is continuing to expand . . . the big business executives . . . have a strong personal liking for the President and a feeling of sympathy for his problems and the pressures he is under . . . 'I always said that I think President Johnson understands business and businessmen and I still think so,' W. B. Murphy, president of the Campbell Soup Company, who is chairman of the Business council, said . . .
>
> "*Council members, without exception, continue to support the war in Vietnam,* and most believe Mr. Johnson is following about the right policy there, although a few 'hawks' in the group would like to see an increased American commitment, with the aim of getting the war over faster."**

Thus, catch-phrases like "McNamara's War" or "Johnson's War," tell only part of the story. It is the war of American big business, with Mr. Johnson their chief political representative in carrying out that war. Mr. Johnson and his military men, in turn, are conducting it according to big business prescriptions and for big business ends.

U.S. Corporations Move into Vietnam

The ultra-rich back the Vietnam War partly because they are already sinking their fangs into that long-suffering land. Elsewhere they waited until the U.S. military-political position was secure. South Vietnam is a notable exception. U.S. corporations are already exploiting the labor of those Vietnamese who survive American bombs and napalm. President Johnson personally is egging them on, according to *Business Week*:

"Probably few countries in the world today look less attractive

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Ossining Citizen Register, October 26, 1966.

**New York Times*, October 24, 1966.

to investors than war-torn South Vietnam. But a surprising amount of activity is going on there." In the past five years $100 million was invested and, *"if President . . . Johnson . . . has his way, more and more U.S. companies will participate."*

The process is accelerating, "despite the dangerous military escalation of recent weeks. . . . Now, Standard Oil Co. of New Jersey, Caltex, and Shell Oil Co. are negotiating with the Vietnamese government to set up a jointly owned $19 million refinery. . . . Morgan Guaranty Trust Co. is expected to participate in the financing if the deal goes through."*

With Standard Oil and the House of Morgan placing their chips on the colonization of South Vietnam, the biggest financial powers in the country are inciting and taking responsibility for Johnson's escalation. When Mr. Johnson says "we" will not be driven out of South Vietnam, he is speaking for Standard Oil and the Morgans as well as for the Pentagon.

Standard Oil has been in on the Vietnam intervention from the start. George Case, then General Manager of the Standard Vacuum Oil Co. in South Vietnam, testified at Congressional hearings in 1959 that his company did more business there than any other company, and he revealed much about the real location of power there even then:

> "My own company . . . has very satisfactory relations with the Vietnamese Government. We have access to any official that we want to see. Our relations with the American Government officials in the country are also good, and we can get a fair, honest hearing at any time with either government."

He told of special financial arrangements favoring his company, and of its reinvestment of profits in ocean terminals and bulk plants. He admitted that *all* the petroleum coming into the country was paid for with U.S. foreign aid funds, and that neither the country (that is, the then government) nor his company's business would survive without it.**

Case was advised at the hearings by Kenneth Young, a "political affairs officer" for Standard Vacuum. This former chief of the Southeast Asian desk of the State Department had been recruited

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Business Week, June 12, 1965.

**U.S. House of Representatives, Committee on Foreign Affairs, *Current Situation in the Far East*, Hearings, July-August 1959, pp. 224-237.

by Standard Oil for similar work on its payroll. Young's shuttling between Rockefeller Plaza and Foggy Bottom didn't end there. In 1961 he became Ambassador to Thailand, and he is now president of the Asia Society, a Rockefeller-sponsored operation. In this capacity he signed the pro-war advertisement noted above. Regardless of the address, Young always works for the same bosses.

An important stage in the economic colonization of South Vietnam was reached in 1966 when the two largest U.S. banks opened branches there. Previously the Bank of America and Chase Manhattan had asked the South Vietnamese government's "permission"—which is like David Rockefeller asking his chauffeur for "permission" to take a ride. First National City Bank official Henry M. Sperry, exploring a possible third office, said:

> "We believe that we're going to win this war. Afterward, you'll have a major job of reconstruction on your hands. That will take financing and financing means banks. . . . It would be illogical to permit the English and the French to monopolize the banking business, because South Vietnam's economy is becoming more and more United States oriented."*

This statement reveals how big businessmen discount President Johnson's talk of a peaceful compromise, and their colonial mentality, expressing the "right" of American conquerors to take over from former French colonialists. Indeed, the Americans have already dislodged the French from important business positions in South Vietnam by imposing discriminatory restrictions against imports from France, destroying French-owned rubber plantations, and other measures.

Chase Manhattan won the race to open the first branch by a few weeks. It will serve as a depository for the U.S. Treasury and eventually operate military banking facilities:

> *"The branch is equipped with unspecified special anti-terrorist security features. The ground floor of the reconverted four-story structure is windowless, as a protection against possible bomb-throwing incidents."***

Perhaps it will change its name to the Chase Pentagon International Bank!

Nowadays private foreign investments are buttressed by huge

New York Times, Dec. 9, 1965.

***Wall Street Journal*, July 19, 1966.

governmental and intergovernmental credits for transport, power, and other infrastructure installations. Two weeks after President Johnson visited Camranh Bay in South Vietnam in October 1966, there followed Chase Manhattan director and former World Bank Chairman Eugene R. Black to discuss hydropower installations, fertilizer and metal plants. The *New York Times* correspondent characterized his visit as "in many ways more important to this country (South Vietnam) than the flamboyant call paid on this port city by President Johnson late last month.* Financier Black is Johnson's special adviser on Asian economic development, responsible for organizing the infrastructure credits for an Asian "Marshall Plan" desired by U.S. investing corporations in areas where their political and military control is secured.

U.S. investment in South Vietnam is conducted under the basic shelter of a Treaty of Amity and Economic Relations signed in 1961. Its key paragraph, Article III, par. 2, provides that "Property of nationals and companies of either Party . . . shall receive the most constant protection and security within the territories of the other Party."

Since there are no significant Vietnamese properties in the U.S., this paragraph, like the rest of the treaty, obviously offers only one-way benefits. And a major *real* purpose of the half million Americans now engaged in and near South Vietnam is to enforce the "protection and security" promised U.S. investors there.

The South Vietnamese Government offers to U.S. investors 3-5 year tax exemption, half the cost of a pre-investment survey, freedom to transfer capital and profits, a guarantee against nationalization for fifteen years. The U.S. Government offers to U.S. investors in Vietnam 100% insurance against a whole list of risks, and 75% insurance against every other possible risk. It also offers liberal credits. The U.S. Commerce Department sent a special investment-promotion mission to South Vietnam, including two Congressmen and six capitalists. Chicago industrialist Heinz H. Loeffler summed up the advantages they found:

> "Local availability of a substantial amount of investment capital; very low labor costs; a climate in which a return of an investment in five years is considered the maximum acceptable period. . . . Together, these are powerful investment incentives for an enterprising businessman."**

**New York Times* Nov. 4, 1966.

**U.S. Dept. of Commerce, *International Commerce,* March 7, 1966.

A major U.S. operation in Saigon is Vimytex. With 2,000 workers, it is the largest factory in South Vietnam. Financed by a $6 million loan from AID, it was granted special advantages by the late President Ngo Dinh Diem and the importation of machinery was arranged under favorable conditions by U.S. officials in Saigon. The U.S. Government supplies surplus cotton at favorable rates. The controlling U.S. owner is H. P. Jen of New York, who may be a stand-in for a large corporation. Johnson & Johnson (textiles), Parsons & Whittemore (paper), Foremost Dairies, Allis-Chalmers, and International Harvester are other well-known U.S. corporations established, and in some cases already expanding their original operations, in South Vietnam.

The connection between South Korea's 35¢ daily wages (see above), and South Vietnam is obvious. But *Business Week,* for the benefit of its more slow-witted readers, proceeds to spell it out. It writes of the "lesson there may be in South Korea's upsurge for the future of South Vietnam." Both are split in two, "ravaged by war, and restive" under U.S. occupation. Destruction has been worse in South Vietnam, but "U.S. officials can take some hope for the long-term future of Vietnam by looking at Korea's progress."*

Military Construction

Destruction, indeed!

A number of widely respected Americans observe that if the U.S. wins the war, it may be by totally destroying the country and its people. But while doing so, the Americans are building for themselves on the ruins.

Their program includes many large jet airfields, deepwater ports, warehouses, powerplants, storage depots, troop cantonments, communication stations, highways and bridges, whole new towns for the residences of the U.S. occupying forces, a fancy new embassy building for the U.S. Government. Often Vietnamese villages are destroyed and their inhabitants killed in bombardments designed to clear the way for the construction. Scheduled works will cost a billion dollars, with which sum the entire Vietnamese people could be supplied with schools, hospitals, and transport facilities.

**Business Week,* May 7, 1966.

But the U.S. construction is not for Vietnamese civilians, it is for American military forces.

A journalist describes "angry miles-long scars where bulldozers have turned the reddish earth . . . innumerable clusters of sheet-metal warehouses glaring in the tropical sun . . . hundreds of acres so laden with supplies and equipment that they resemble the Normandy beachheads after D-day . . . monthly cement consumption . . . enough for thirty miles of four-lane highway."*

The bulk of that construction, with contracts approaching a billion dollars, has been turned over to a U.S. consortium, RMK-BRJ, consisting of four major U.S. construction engineering firms. Morrison-Knudsen heads the operation, with a 40% share. Raymond International, Brown & Root, and J. A. Jones each have a 20% share.

Because of the Vietnam activity, Morrison-Knudsen's admitted profits doubled in the first half of 1966. Raymond International shifted from a deficit in the first half of 1965 to a first half 1966 profit rate the highest in this decade, and company officials listed the "special work and continued acceleration of the construction program in Vietnam" as an outstanding cause of the improvement. With only one-fifth of the Vietnam contract, Raymond International received $70 million of new orders in South Vietnam in the first half of 1966, more than the total new orders from all sources that it received in the first half of 1965.**

All the work is done on a cost-plus basis. Initially, the nominal profit add-on was 3%. Later, this was replaced with an "incentive" system with a nominal range of 1.7% to 2.46% of *estimated* cost. The profit on a billion dollars' contract, at 2.46%, would be $24,600,000. Morrison-Knudsen's share of nearly $10 million and Raymond International's share of $5 million would be equal to two years' normal reported profits from all sources. But reported profits are the smallest part of the take. Most of the money is spent on equipment and supplies. Opportunities are unlimited for the collection of kickbacks and for placing orders with related firms at inflated prices. Vast amounts can be charged to overhead accounts and siphoned off by the owners of the companies at the home offices. Large sums can be paid to well-connected officials on the scene. The big boss in Vietnam is Bertram L. Perkins, Morrison-

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Fortune, September 1966.

**Raymond International, Inc., *Quarterly Report*, 2nd Quarter, 1966.

Knudsen director who married the company president's daughter.

The Pentagon refuses to release any details of the consortium's cost accounting; and the U.S. Government has failed to conduct more than a token audit of its accounts.

The consortium employs 4,200 Americans, 5,700 Filipinos and Koreans, and 41,800 Vietnamese. The operation illustrates the colonial labor pattern which the U.S. is trying to impose on all Southeast Asia. Americans, employed as engineers, superintendents, foremen, etc., receive pay *beginning* at $1,000 per month, plus a $50,000 life insurance policy, and exemption from U.S. income tax. The Vietnamese workers average $35 a month, or 14 cents per hour for a 60-hour week.* No statistics have been published concerning the wages of the Koreans and Filipinos. Presumably they are used as skilled workers and straw bosses.

Assuming average compensation of $1,500 per month for the Americans, they get 43 times the average Vietnamese pay. You can't find such differentials even in Mississippi—only in South Africa or Angola.

The total pay and benefits going to the 4,200 American bosses comes to over $6 million per month. The payroll of the 41,800 Vietnamese doing the work comes to $1.5 million a month, or one-quarter as much. For that pitiful sum, the Vietnamese workers carry out $30 million of construction monthly.

Congress has just passed a law raising the minimum wage in the United States to $1.40 per hour. *At the same time, the U.S. Government is enforcing a wage of $1.40 per ten-hour day for Vietnamese workers employed by U.S. companies.*

Yes, the U.S. Government does enforce that wage! The company, anxious to ward off strikes, wished to offer a token wage increase: "But the United States Embassy, which turned down the South Vietnamese Government proposal to increase civil servants' salaries, has also vetoed the construction raise as inflationary."**

Later, after the piastre was devalued nearly 50%, the U.S. permitted an increase of 20-30% for South Vietnamese government employees—which only partially compensated for the devaluation. But after bitter strikes, the construction combine awarded only 8% to most of its workers.

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*Wages computed from data given by Keyes Beech of *Chicago Daily News* service in *Ossining Citizen Register*, Dec. 8, 1965. Hours from Peter Braestrup in *N.Y. Times*, May 29, 1966.

***New York Times*, May 26, 1966.

Propagandists for U.S. foreign investors like to boast that they raise standards in countries where they operate, paying more than local employers. *But RMK-BRJ pays the Vietnamese workers less per hour than local contractors, and adheres to a scale established by the Saigon Labor Ministry in 1957.** With the cost of living multiplying several times, this means a cut in real wages to a fraction of that originally set.

For this outrageously low pay, the workers suffer from "the strain of six 10-hour shifts a week, of monsoon rains, mud and 110-degree midday temperatures." Long trips to work are necessary and no public transportation is provided. A company official admits that at the gate the Vietnamese worker "has to show a security pass that he probably had to pay to get, and wait while he is searched and a guard pokes a dirty finger into his lunchbag." The official admitted that some of the American supervisors treat the Vietnamese workers like "slaves."**

One of the construction projects, a loran navigation station, uses the forced labor of prisoners at a notorious former French prison camp for independence fighters, now taken over by the U.S.-sponsored regime. There is a huge project at Camranh Bay, where there was no city, and other major projects are at formerly little populated areas. Where does the labor come from? None of the reports tell. Is it because there is something to hide? *I believe many of the workers are recruited from the hundreds of thousands of civilians driven from their homes by U.S. bombings, and herded into barbed wire enclosed concentration camp "security hamlets" by the United States.* If so, the United States is using the same forced labor methods the Nazis did in occupied countries during World War II. Let the American journalists in South Vietnam report the truth about this.

Other companies besides the RMK-BRJ syndicate have lesser shares of the loot. Walter Kidde Constructors, a subsidiary of the Electric Bond & Share Co. of New York, was given a $52 million construction contract in Vietnam with a formal profit rate of 4-6%. Philco, a Ford subsidiary, Page Communications Engineers, a subsidiary of Northrop Corp., and Hallicrafters Corp. are among other corporations with major contracts in South Vietnam. Also, the RMK-BRJ syndicate hands out plums from the vast sums it is

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**Fortune*, Sept. 1956.

***New York Times*, May 26, 1966.

authorized to spend. Continental Airlines has a $6 million air service contract. Control Data Corp. and Informations System Co. have supplied two computers and 70 engineers, ostensibly to coordinate the vast operation.

While all these companies operate as civilian enterprises, their actual work is semi-military. Military forces guard them, they use armor-plated bulldozers. Under the protection of tanks, villages are razed and civilians herded into concentration camps to make room for the American construction.

Labor Strikes Back

Workers in South Vietnam are subject to maximum wage legislation, treated like suspected criminals or slaves, permitted to join only officially-sponsored unions (which they reject), and usually subjected to no-strike laws.

Yet they have organized and struck, with mounting frequency, and they have won partial victories in these strikes. What follows is undoubtedly only a fragment of the South Vietnamese labor struggles, that which has filtered through to the U.S. press.

Major strikes were reported in 1963 and 1964 against the U.S.-owned Vimytex for wage demands and against the lockout of union leaders. U.S. officials in Saigon urged the company to settle the long 1964 strike, because it was a "source of embarrassment" to the United States on account of Washington's heavy support for the company and because the strike was a symbol of Vietnamese protest.

In 1966 Vietnamese dockers carried out major strikes in Danang and Saigon. Longshoremen's strikes have been both for economic concessions and to protest against the use of imported munitions to attack the Vietnamese people. Thomas W. Gleason, reactionary president of the International Longshoremen's Association, spent five weeks in South Vietnam in 1965-66 at the State Department's invitation in a vain attempt to speed up the South Vietnamese dockers.

During April-May 1966 there were 11 strikes by 11,640 workers at RMK-BRJ construction projects. In June, after the devaluation, 14,500 workers struck all consortium projects in the Saigon area. According to U.S. accounts, strikers demonstrated unusual solidarity and effective organization, despite beatings and killings inflicted on them by the U.S. military and South Vietnamese police

under U.S. command. The workers demanded the removal of particularly brutal American supervisors, and wage increases to meet the soaring cost of living. The *New York Times* commented:

> ". . . the American consortium presents a ripe target for labor unrest . . . there is little surprise at worker dissatisfaction, given South Vietnam's spiraling inflation, the irritations of wartime security and the strangeness of working for big, impatient Americans who speak no Vietnamese."*

Even *Fortune* conceded the workers' demands were "unquestionably . . . justified."**

In July, Filipino, Korean, and Vietnamese workers struck at the Camranh Bay base over "work regulations and meal hours." The solidarity of Filipino and Korean workers with the Vietnamese represented a setback for the divide-and-rule tactics of the occupationists.***

The mounting labor resistance shows that opposition to U.S. intervention is not limited to "dissidents," "North Vietnamese infiltrators," etc., but is a national movement of all major sections of the population in town and country.

What is the practical interest of American labor in South Vietnamese labor relations?

As shown above, American manufacturers increasingly use Far Eastern substandard-wage labor. But, considering the enormous labor and material resources of the area, the surface has merely been scratched. If the United States succeeds in conquering South Vietnam, this will be interpreted by American companies as a signal that now the whole Far East is wide-open for them to impose slave wages and conditions on millions of workers. There will be thousands of international runaway shops where there are hundreds now. Millions of U.S. workers will lose their jobs and entire industries will decline or vanish.

If anyone doubts this, just consider what has happened to U.S. production of toys, bicycles, and typewriters; or that right now 13% of all steel used in the U.S. is imported, the largest supply coming from Japan.

Labor leaders who actively support the war in Vietnam are not

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**New York Times*, May 26, 1966.
***Fortune*, Sept. 1966.
****New York Times*, July 20, 1966.

only international strikebreakers against the Vietnamese workers. They are causing thousands of American workers to be slaughtered in Vietnam—and never before have U.S. draftees been so overwhelmingly from among labor. They are undermining the long-run economic interests of all American labor and weakening its bargaining position with employers, more and more of whom are internationalizing their operations.

U.S. labor has a deep responsibility to assist Vietnamese workers fighting for decent conditions against U.S. employers. This is both a matter of international solidarity, and most practical self-interest of American workers.

Corruption

Graft and profiteering are expected by-products of war. This one, conducted for ignoble motives, has fostered a cesspool of corruption.

U.S. accounts stress the systematic bribe-taking practiced by South Vietnamese officials but are tolerant of the bribe-giving by the Americans.

But in September 1964, the billion-dollar Olin Mathieson Chemical Company was fined $30,000 on criminal counts and $263,000 in a federal civil suit—for damages resulting from fraud in obtaining foreign aid funds and lying about bribes to importers who obtained its Squibb Division drugs in South Vietnam and Cambodia over a five-year period.

In January 1966 Dean Rusk and Foreign Aid Administrator David E. Bell admitted to the House Foreign Affairs Committee that there was widespread profiteering in U.S. foreign aid money and goods on the part of American businessmen, military officers, and their Vietnamese associates. Representative Hays reported that the wife of one American businessman had sent home $36,000 in money orders in six months out of black market operations, and that "most" of the aid had been stolen by Americans or Vietnamese.*

Defense and Treasury officials admitted that 70 American civilians have been investigated for robberies in the tens of thousands each in Saigon, and that 41 U.S. servicemen have been court-martialed for black marketeering, currency manipulation, etc.

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* *New York Times,* January 27, 1966.

Thievery is "endemic to all South Vietnamese ports." A half dozen American and Filipino employees of the South Alaska Barge and Transport Co., Inc., were dismissed after an inquiry disclosed enormous robberies from the goods the company had contracted to unload at the port of Nhatrang. American foremen and toughs working for them for months forcibly prevented investigation of the robberies, or any interference with disposal of the goods being systematically robbed.*

Wilbur D. Bacon, head of the U.S. Government's $400 million commercial import program in South Vietnam, resigned under fire in July 1966 as a Congressional Committee was investigating "serious defects" in the program.**

Congressional critics alleged that the RMK-BRJ syndicate had "lost or wasted as much as $125 million worth of materials" by the summer of 1966, which would amount to one-half or one-third of the materials bought by that time. The syndicate head orders 20% more of everything than needed,*** and doesn't know how many warehouses he has (apparently about 800), let alone what is in them. With the cost plus a percentage, the more the consortium wastes, the more profits it makes. The incentive fees are paid for speed, not for economy.

Examples of the rottenness of the U.S. occupation in South Vietnam appear in the press almost daily. Scores of opportunists prey on the GI's. Slick salesmen clean up, selling them everything from mutual fund shares to automobiles to be delivered when they return to the United States. At the same time, many GI's and officers engage in their own rackets, participate in pilfering, black marketing, etc. Milo Minderbinder, the lieutenant-operator of *Catch-22,* had a piker's operation compared with the vast scale of freebooting that goes on in South Vietnam.

The moral corruption of the American occupation is still more damaging. The American armed forces bring concentrated doses of all the worst vices of American society. Widespread drug addiction has been reported. Venereal diseases head the list of illnesses among American soldiers, as prostitution has been raised to the highest paying occupation among Vietnamese, with some prostitutes earning more than high ranking civil servants.

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* *New York Times,* August 21, 1966.
** *Ibid.,* July 20, 1966.
*** *Ibid., August* 21, 1966.

The Americans also brought segregation with them. This applies not only to the Vietnamese, barred from entering whole cities, not to speak of U.S. installations; it also applies within the U.S. armed forces. Front-line units are supposedly integrated, although with a disproportionate number of Negroes. But bars, recreation areas, and other facilities are segregated. There have been fights between white and Negro troops as a result.

The deepest degradation is found in the attitudes and actions of the Americans toward the Vietnamese. Like the earlier colonialists in Asia and Africa, like the Hitlerites in Europe, they regard the Vietnamese as inferior people. They impress and enslave their men, burn out and kill their old people and children, force their young women into prostitution en masse.

This account by a U.S. small town reporter is of a visit to a U.S. base in South Vietnam. A sergeant showed him around:

> ". . . The purses of three Vietnamese women were being inspected by a sentry. . . . Plastic security badges were pinned to women's blouses and like the other Vietnamese they were wearing coolie hats. . . .
>
> " 'There's the prison,' said the sergeant. . . . I was able to see a series of open stalls with cubicles off each stall. Before the war this prison might have been a pig sty. Standing in the open portion of his barbed wire pen stood a boy. 'A Viet Cong,' said Sgt. Platt. 'There is a curfew on the base. . . . The gooks have to be off the streets by dark.' Behind the barbed wire fence on our right played a group of refugee children."*

"Reform and Reconstruction"

For twelve years the U.S. Government has talked about its intention to sponsor land reform in South Vietnam. It sounds easy, considering the enormous financial resources of the U.S. and its complete control over the nominal government. It sounds like the surest way to "win the hearts and minds of the people," the professed U.S. political aim.

Yet it fails for a reason unknown to most Americans.

Land reform in South Vietnam was completed long ago by the very Vietnamese the Americans are fighting, the former Viet Minh

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* *Ossining Citizen Register,* April 7, 1966.

and the present National Liberation Front. They carried out land reform first on territory freed from the French, then on land freed from U.S.-sponsored government control. That is a basic reason why the N.L.F. enjoys the support of the overwhelming mass of the peasantry.

The U.S. is trying to undo all that.

When villages are recaptured from the N.L.F. the first action of the Saigon military is to bring back former landlords, or new ones appointed by the Saigon regime, thereafter enforcing the collection of exorbitant rents from the peasants who work the land.

The U.S. program is really a land *unreform* program. The U.S. military are the allies of the landlords and oppressors of the Vietnamese peasants. That is part of the reason why the opposition to them is so determined and overwhelming among the Vietnamese people.

In Saigon and other occupied urban enclaves also, U.S. policies have enriched a handful of wealthy collaborators at the expense of the masses, whose living standards continually decline as wages are held down and prices are raised 50-100% yearly by American and Vietnamese profiteers.

The U.S. President, with much fanfare, announced a program of a billion dollars for the reconstruction of Southeast Asia after the war, provided, of course, the war is settled to his satisfaction. The more he escalates, the more he talks of his grandiose schemes for Asian economic development.

The U.S. spent tens of billions on post-World War II rehabilition and reconstruction. Whether this was spent well, or to the advantage of the people concerned, need not be discussed here. The point is that much of the damage was caused by U.S. bombing. *Daily the U.S. drops on Vietnam more bomb tonnage than it dropped daily on the entire Pacific theater in World War II.*

Destruction and War Crimes

A billion dollars doesn't start to pay for the enormous destruction already done by the U.S. in Vietnam:

- 150,000 homes destroyed per year.
- Over 500,000 acres defoliated, including over 100,000 acres of prime cropland deliberately destroyed by chemical warfare.
- Destruction of all foodstocks found, killing of livestock, stealing of food from the peasants by the U.S. military.

• Destruction of all hospitals and schools found in the liberated areas of South Vietnam.

• A mounting toll of destruction of industrial, transport, community facilities, residential areas in North Vietnam.

• Preliminary attacks on and the threat to destroy the Red River dike system, flooding the best crop lands and threatening millions with drowning.

• U.S. medical authorities admit that two Vietnamese civilians are killed by the Americans for every "Viet Cong."

That would mean the killing of over 100,000 civilians a year, over 200,000 since Johnson started his escalation program.

The *main* activity of the 50,000-man U.S. Air Force in South Vietnam is the systematic aerial destruction of peasant huts, sampans, livestock, crops, and the people themselves. The *main* activity of the ground forces is the conduct of "sweeps" through the countryside, the rounding up of able-bodied civilians for torture, execution, or impressment; the destruction of the air-raid shelters erected by the people against the U.S. bombers; and the deliberate putting to the torch of entire villages, actions publicly supported by high officials of the U.S. Government. The *main* weapons of the U.S. Air Force in South Vietnam are napalm bombs and crop killing chemicals which can and do also kill humans when in sufficient concentration. Dow Chemical, Standard Oil (New Jersey), and many other U.S. corporations participate in the manufacture of these weapons of chemical warfare, barred by the Geneva Convention.

People everywhere, including Americans, condemned similar actions by the Nazis in World War II. An International Tribunal, with U.S. participation, found Nazi leaders guilty of war crimes and sentenced them to death. Leading German industrialists were sentenced to prison for their contribution to Nazi war crimes. In less publicized actions, United States occupation forces sentenced hundreds of Japanese militarists to death.

There is no evading the truth—American political leaders, militarists, and many American industrialists, are similarly guilty today.

The only thing the Vietnamese people demand of the Americans today is to get out of their country. But if ever this war has a just *economic settlement,* the United States will have to pay Vietnam, North and South, over ten billion dollars. This will not be a gift, but a debt, reparations for the atrocious destruction committed.

Armament Profiteers

Financial escalation has kept step with the escalation on the battlefield. Johnson's Budget Message issued in January 1965 made no special mention of Vietnam. When he began to escalate, he estimated the extra cost at under a billion dollars. By January 1966 he raised that estimate to $4.7 billion in fiscal 1966 and $10.5 billion in fiscal 1967. These estimates were also soon surpassed. Cash spending for "national defense," as officially defined, increased from $50.8 billion in fiscal 1965 to $58.4 billion in fiscal 1966, and is headed for $75 billion in fiscal 1967, according to trends in outlays through mid-October. This is more than the total of the last year of World War II. It means that Vietnam War spending will approximate $25 billion this fiscal year, and reach a much higher rate by the middle of calendar 1967.

While foreign investors are the long-run potential gainers from this, munitions makers are the immediate war profiteers. The following table shows profit increases for industries most involved in the Vietnam War, and for all industries.

Industry	*Percent Profit Rise*		
	1965 over 1964	First half 1966 over first half 1965	Preliminary indication 1966 over 1964
Aerospace	29	21	56
Air transport	65	76	176
Electrical Equipment and Electronics	38	32	82
Instruments, photo goods	30	35	76
Nonferrous metals	34	30	74
All industries	15	12	29

Source: First National City Bank, *Monthly Letter*, April & August, 1966.

The industries most involved in Vietnam show 2-year profit increases of 56%-176%, from two to six times the average gains of all corporations. None of these industries deals exclusively in armaments, but in each case the Vietnam War has meant a major

increase in highly profitable direct or indirect military business.

The increase for aerospace is smaller than for other listed industries partly because of shifts in patterns of military procurement, and partly because the aircraft manufacturers operate on long lead-times, so that their biggest Vietnam War profits are yet to come.

The 29% profit increase shown for all industry is also quite substantial. It came on top of boom-time 1964 profits, and represents icing on the cake stirred up by the Vietnam War, including the general rise in demand generated by the wartime buildup, opportunities for price increases, and a considerable flow of military business to everybody from machinery to textile manufacturers.

Texans' Grab-Bag

President Johnson has been the most parochial Chief Executive since Warren Harding brought the "Ohio Gang" to the White House. Surrounded with Texans as personal advisers, he conducts much of the business of state from his Texas ranch. And his Texas capitalist friends have done exceptionally well during his high governmental career.

This applies particularly to military business. Military columnist Hanson Baldwin wrote that Johnson, as Senator and Vice President, was not only a "strong defense" advocate but also "was especially energetic in obtaining for his home state of Texas defense installations and contracts."*

The evidence indicates that he accomplished even more as President. Military contracts let nationally declined slightly from fiscal 1962 to fiscal 1965. The Vietnam War brought a one-third jump, to a fiscal 1966 level higher than that of fiscal 1953, the last year of the Korean War, and 27% higher than in fiscal 1962.

But prime contracts let to Texas firms increased every year after fiscal 1962. They jumped 44% by fiscal 1965, *before* the Vietnam War took effect. In the first year of that conflict, they jumped 58% over the 1965 level, and 128% above the fiscal 1962 level. The following table brings this out:

**New York Times,* Nov. 4,4 1966.

Fiscal Year	TEXAS PRIME CONTRACTS		
	millions of dollars	percent of U.S. total	rank among states
1962	1,006	4.0	7
1963	1,203	4.8	5
1964	1,294	5.3	4
1965	1,447	6.2	3
1966	2,291	7.2	3

Source: compiled from Defense Department releases.

In four years, Texas' share of the contracts increased from 4.0% to 7.2% of the national total, and it moved up from seventh to third place among the states (behind California and New York).

Three examples illustrate the possible advantages to contractors of having a friend like Johnson in or near the White House.

Brown and Root is the largest construction firm in Texas. Its President, George R. Brown, is also Chairman of the Board of the billion-dollar Texas Eastern Transmission Co., and a director of other major corporations. The Brown family are close personal friends of Mr. Johnson, who had his 1955 heart attack while visiting their Virginia home.

Construction work in Vietnam was originally handled by the RMK syndicate of Morrison-Knudsen and Raymond International. When Johnson ordered major escalation of the war, and the construction program was multiplied tenfold, Brown & Root, along with a North Carolina firm, J. A. Jones & Co., were each dealt in.

In 1961, shortly after Johnson became Vice President, Brown & Root grabbed Project Mohole—the attempt to drill below the ocean floor to the earth's mantle—from another company. It got the job even though rated last among five major bidders. The Comptroller General indicated the dubious nature of the award, and *Science Magazine* openly charged it was due to the domination of Texas Congressman Albert Thomas, chairman of the House Appropriations Subcommittee in control of the National Science Foundation budget, and also close to Johnson.*

* *Congressional Record*, March 19, 1964.

Brown & Root succeeded in running the cost of the project up from an original estimate of $5 million to $67 million, without accomplishing anything. Conservative Congressmen used this to finally torpedo the entire project in the summer of 1966, overcoming President Johnson's personal attempt to save it. Representative Charles E. Goodell of upstate New York pointed out:

> ". . . that $25,000 had been dropped into the kitty of the President's Club by Mr. George R. Brown of Houston, Tex., and members of his immediate family, $23,000 of it between the time that the House Appropriations subcommittee cut funds from the 1967 budget to carry on this multi-million-dollar deep-sea study and the time that President Johnson sent a special message to the Congress pleading that Project Mohole must continue."*

A still bigger deal involving Johnson was the TFX, the original experimental name for the variable wing-sweep supersonic jet, now known as the F-111. Boeing and General Dynamics (the latter with Grumman as junior partner), fought it out for this $7 billion job from mid-1961 to the end of 1962. General Dynamics announced it would do the job at its Fort Worth plant. On four rounds of design testing by military experts, Boeing won on performance and costs every time. Each time Defense Secretary McNamara sent the project back for further study and finally awarded the contract to General Dynamics anyhow.

Fortune, in a detailed study of the contest, found that politics was decisive: "The Texans indeed seemed to be lined up in force." It named Johnson, Governor Connolly, Navy Secretary Fred Korth, and Congressman Wright of Fort Worth. It emphasized the significance of Johnson: ". . . in G.D.'s corner was Vice President Lyndon B. Johnson, whose predilection for the made-in-Texas label had early prompted some Pentagon cynics to rename the TFX the LBJ."**

The plane cost far more than promised and performed far less. The Navy version was 30% overweight, so the Navy refused to order any. However, Johnson persisted, and an additional $1.75 billion order went to General Dynamics in December 1965 for 210 FB-111's, a strategic bomber version. This was while McNamara

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**Congressional Record,* August 30, 1966.
***Fortune,* March 1963.

was boasting of "economies" and despite the "far from enthusiastic . . . reaction of professional military men" to the new contract.*

The Texas tycoons reciprocate Johnson's favoritism with liberal contributions to the President's personally controlled political funds. 57.4% of the $1,000 or more contributions to the so-called President's Fund in the first five months of 1966 came from Perry Bass, George R. Brown, John W. Mecom, Don W. Moody, Clint Murchison, Will E. Odom, J. R. Parten, and other multi-millionaire—and usually very reactionary—Texas oil barons and bankers.** In second place was Texas' oil-soaked segregationist neighbor, Louisiana.

The "Painless War"

President Johnson has tried to make the Vietnam War palatable to Americans by pretending that it would be painless. He emphasized that it was being fought so as to involve minimal casualties and manpower mobilization. This claim is exploded as admitted U.S. casualties approach 1,000 weekly, and the true figure probably goes much higher. The draft increases its monthly take as standards are lowered, and the calling up of reserves looms.

The Administration especially emphasized the economic harmlessness, and even beneficence, of the Vietnam War. Spokesmen claimed that defense expenditures remained a low percentage of the gross national product, that taxes need not be increased, and might even be lowered, while the war continued. They claimed the budget would remain balanced, there would be no inflation, the "Great Society" and civil rights programs would go full steam ahead. Meanwhile Administration guideposts would keep the balance between capital and labor, while the war would bring full employment.

All of these promises have been violated.

The Vietnam War has enabled capital to profiteer at the expense of labor more than at any time at least since the last war.

Between 1964 and the first half of 1966 corporation profits increased from $38.7 billion to an annual rate of $48.7 billion, or by 25.8%. Meanwhile wages and salaries of corporation employees increased at an annual rate of only 14.9%. So capital's share in-

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Wall Street Jaurnal, December 13, 1965.

***Congressional Record*, August 31, 1966.

creased at the expense of labor. Apologists claim that the pie is bigger, so that labor's smaller share represents more pie. But the apparent gain of 14.9% in total wages and salaries vanishes when examined in the light of the real position of the individual worker.

Most of the war profits go to manufacturing corporations, showing an increase of 34.5% over the interval considered. But the average factory worker got an increase of only 3.1%, or one-tenth as much, and that before the massive U.S. involvement:

Period	Worker with Three Dependents	
	Average weekly take-home pay 1957-59 dollars	average weekly overtime hours
1964 2nd half	85.86	3.22
1965 1st half	87.79	3.53
1965 2nd half	88.47	3.62
1966 1st half	87.91	4.02

Source: U.S. Department of Labor.

In the second half of 1964 the real take-home pay of a worker with three dependents averaged $85.86. During the first half of 1965 this increased nearly $2. But in the second half of that year, as Johnson's escalation got underway in earnest, the increase was less than 70c, and in the first half of 1966 it went down nearly 60c. The official figure for the first half of 1966 stood at $87.91, about $2 higher than before the escalation began, and below the 1965 average. Meanwhile, average overtime hours increased from an already high level of 3.22 per week in the second half of 1964 to over 4 hours per week in the first half of 1966. The average worker had to give almost an hour more of overtime for the $2 extra per week. Taking away the pay for the extra overtime would just about eliminate any gain over the second half 1964 figure.

These official averages do not take account of state income taxes, of city taxes where they exist, or of the increased wartime withholding rates applied to the Federal income tax beginning in April, 1966. Application of these full tax schedules to New York City workers show that taxes took away all of the increase in money

wages of manufacturing, construction, and retail trade workers with no dependents between September, 1965 and September, 1966. When further allowance is made for the 3.9% increase in the city's consumer price index over that interval, the result is a loss in real weekly take-home pay of $4.33 or 5.4% for factory workers, $5.33 or 3.8% for construction workers, and $3.75 or 5.3% for retail workers.

All these calculations are based on the official consumer price index, which understates the actual rise in costs, and hence results in an understatement of the actual loss in real earnings.

World War II and the Korean War brought something close to full employment. But the Vietnam War has brought unemployment down only to the neighborhood of 4%, according to official figures. Almost all the decline in unemployment has been among white workers. Unemployment among non-whites averaged 7.9% in May-August 1966, compared with 8.2% a year earlier. In June-August 1966 unemployment among non-white teenagers reached a seasonal record at 268,000, or 27.5%, as compared with 12.1% for white youth. Since 1962 the rate for Negro youth increased, while that for white youth decreased.*

This continued high unemployment among Negro youth continued despite the more-than-proportional drafting of Negroes. Under conditions of the Vietnam War, employers, abetted by some union leaders, have dropped virtually all pretense of moving toward enforcement of the equal employment opportunities provisions of the 1964 Civil Rights Act. The Administration has an unparalleled opportunity to enforce this provision, in the light of expanded military contracts. But it has not even threatened to withhold business from non-complying firms, and has dropped even the issuance of reports on the subject.

Directed at colored people in Asia, the Vietnam War has encouraged American racists to an offensive against Negroes all along the line. Segregation in education, housing, and hospitals has increased, with the Administration inactive. Trying to shift the blame for his failure to enforce earlier legislation, President Johnson submitted another civil rights bill to Congress in 1966, providing little he wasn't already empowered to do. Yet he did not conduct a serious campaign for its passage, and Southern Senators, his main foreign affairs supporters, easily killed it. Congress then

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* U.S. Department of Labor, *Employment and Earnings*, September 1966.

opened the doors to unlimited hospital segregation by an interpretation watering down previous legislation, and Administration spokesman Senator Mansfield called for a "slowdown" in school desegregation. Police and vigilante terror against Negroes has increased, as the cities' ghettos have become virtual prisons for the inhabitants, subject to mass beatings and shootings, National Guard invasions, and curfews, whenever the conditions lead to the inevitable protest actions.

Prices Go Up

While wage increases have been held below productivity gains by the administration "guidepost," the price guidepost has not prevented an accelerating rise in prices. From an average increase of 1.4% yearly in consumer prices during the early 1960's, the pace stepped up to 2.0% during 1965 and an annual rate of 3.8% during the first eight months of 1966. As prices got further ahead of wages, employers and reactionary politicians readied wage-freeze legislation.

In 1966 employment taxes went up, income tax withholding rates on workers' wages and salaries were increased (but not the basic schedules), and selected excises were raised. In October the 7% investment tax credit and accelerated depreciation privileges were suspended. Designed to discourage new fixed investment during the war, this also aimed to forestall the demand for a wartime excess profits tax. The Administration was reported to be preparing a big 1967 tax package, probably of over $10 billion, and heavily weighted with higher individual income taxes mainly bearing on workers. Employers and government agencies started high-pressure campaigns to force workers to subscribe to government savings bonds.

During the first six months of 1966, income and social security taxes withheld from workers' paychecks approached $50 billion, $8 billion or 18% more than in the same period of 1965. State and local taxes increased rapidly, as wartime inflation increased costs of government and federal aid funds became harder to get.

Domestic welfare programs are beginning to suffer from the Vietnam War. Federal spending for non-military goods and services declined, at an annual rate, by a half-billion dollars in the second quarter of 1966. The President has pledged to curtail domestic spending programs by $3 billion this fiscal year. "Deeper

Trouble Looming for Great Society" is the *Business Week* headline over an article about the 1967 Congressional outlook.*

The war has brought interest rates to the highest level in forty-five years, and made credit more difficult to obtain at any price. "The real squeeze goes on," reported *Business Week*. "In the U.S., some businessmen and plenty of consumers are already feeling the pinch of tight money. . . . Total housing starts fell from 1.8 million (annual rate) in December to 1.1 million in July. Banks are finding less money to finance purchases of consumer durables. And every public agency below the federal level—from state governments to local school boards—is finding that it can borrow money only at sharply rising interest rates."**

Workers are the main victims of higher installment and mortgage rates. The sharp curtailment of new housing hits most those already suffering from substandard housing, while driving others into the slums. It increases ghetto crowding, encourages landlord negligence and facilitates rent increases.

Alongside of wartime profiteering by the giants, the Vietnam War brought unusual difficulties to weaker concerns, and even to large ones concentrated in civilian activities. In the autumn of 1966 business failures climbed well above the previous year's level. Fairchild Publications found in a mid-1966 survey that *"For the first time in any American war there are businessmen speaking out against the war and avoiding military contracts."*

Coming in the midst of a peaceful boom, the war took away raw material supplies and credit lines businessmen need for civilian markets. And even many hard-boiled businessmen are concerned about the obvious moral issues raised by this war. They are, "like most Americans, totally confused about the Vietnam War. . . . The most industrialized country in the world is at war with one of the world's most backward nations."***

The Twin Dangers: Inflation or Slump

The civilian economy is undermined while the armament economy flourishes. Industrial production stopped rising even while overall output remained below capacity. Military spending went

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**Business Week*, September 24, 1966.
***Business Week*, August 27, 1966.
****Metalworking News*, June 13, 1966.

above the Korean War peak, but unemployment held stubbornly at still substantial levels.

The Vietnam War was escalated into a major conflict by the Johnson Administration in the spring of 1965, when the country was at the peak of a boom. It stimulated a further rise, a wartime superboom, for a year. Then the economy entered a stage of cross currents. The military economy and its accessory branches continued to rise, while the more volatile sectors of the civilian economy increasingly declined.

This rekindled recession fears. More than a third of business economists polled in September 1966 expected a recession in 1967, even with the war continuing. The majority expected one before 1970. In fact, a *general* recession seems unlikely so long as the war continues to *escalate*. But simultaneously the ingredients of serious economic difficulties are accumulating.

The Vietnam War has stimulated a huge capital investment boom, expanding capacity more than production even in this year of rapidly rising output. Another period of relative slack in the capital goods industries, like that of 1958-62, is in the making. The 1965-66 inventory increase of $20 billion is an all-time record, and followed several years of peacetime buildup. Excessive inventories are likely to become a depressant in a number of key industries.

The gross debts of the country have surpassed $1.5 *trillion,* or more than double the gross national product. The Vietnam War costs $2.6 billion in foreign exchange in 1966, accounting for the entire deficit in the balance of payments. This causes a steady outflow of gold, undermines the stability of the dollar, and reduces the Government's margins for economic maneuver.

An inflationary-monetary crisis has become a real danger.

The Vietnam War cannot continue to escalate forever. When it stops, or tapers off, or merely levels off, the one real stimulating force in the present economy will be removed. The other, downward-tending factors, will become predominant.

Economically, this means that the Vietnam war is building up the conflict between rising production capacity and stagnant mass purchasing power. This is the relative shortage of consumer demand and relative overcapacity which come to the surface in every depression. The Government has methods of moderating that conflict by public works, social security, and other measures which increase mass purchasing power and employment. But the reactionary con-

trol strengthened by the war reduces the likelihood of speedy government offsets of a socially useful, non-military type.

World War II was followed by a reconversion decline, and the 1948-49 depression. The Korean War was followed by a recession. The same can happen again, and the longer the war escalates, the worse it may be. It is no use trying to put off the day of reckoning by keeping the war going. The economy is plagued by the *double threat* of inflation and depression, which can be equally harmful. The former, certainly, and the latter, in a limited sense, can hit even before the fighting stops.

Labor is acting to preserve living standards by an increasing number of strikes that have broken through the real-wage-cutting Administration guideposts. Consumers are striking a blow at wartime profiteering and inflation with a spreading series of strikes against high prices. The Negro people continue their civil rights struggles. Widening sections of the population join in anti-Vietnam War actions. Together these groups can constitute a decisive political power in America. The crucial requirement is for them to unite to end the war and the Administration's aggressive policies generally.

Colonialism

The economics of the Vietnam War provide the key to its better-known political realities. The economic consequences, harmful as they are, are mild in comparison with the military-political consequences.

When the French were defeated in 1954, the United States set up and kept in power for nine years the Ngo Dinh Diem Government in Saigon. When he outlived his usefulness Diem was killed and replaced by a series of similar puppets. With each one, the U.S. masters pulling the strings became more and more visible.

In 1965 Charles J. V. Murphy of the editorial board of the influential *Fortune* urged that the United States should stop pretending this is a civil war among Vietnamese. We should stop "avoiding the impression of 'imperialistically' meddling, and shunning direct responsibility." This "by now transparent masquerade . . . has failed to make the South Vietnamese Government a master in its own house." Although "an American hovers at the elbow of just about every Vietnamese field-grade officer and over the desk of every high official," the NLF has gained until "only Saigon and,

in many provinces, only provincial capitals remain under control" of the U.S. and its sponsored regime.*

In 1964-65 the United States spread its administration from Saigon to the provincial centers. Several thousand civilians were sent in:

> "Under a little-publicized White House Directive, this civilian army is being assigned the mission of guiding South Vietnam officials in the 'modernization' of their government and economy—from the strategic rural hamlets to the ruling junta in Saigon. . . . The U.S. civilians are the 'hold' in the 'clear and hold' program. After U.S. military advisers help government forces drive the enemy from the area, U.S. civilians are needed to supervise the building up of local governments and militia forces so that the Viet Cong won't come back."

Ambassador Lodge explained the role of the Vietnamese in this scheme by urging that the Americans learn from the British colonial administrators how to train native "young men" as "civil administrators."**

Returning from his 1966 meeting with Premier Ky in Honolulu, Mr. Johnson let it be known his Administration "is moving quietly, but forcefully, to exert more influence over the domestic policies and administration of the South Vietnamese Government.

> "It is a departure in U.S. policy . . . which long has been urged by . . . U.S. field workers . . . whose experience has convinced them that a stable government . . . can never be formed there without American intervention.
>
> "It is a move which the Johnson Administration is not exactly advertising. There are obvious dangers involved. . . .
>
> "When all else fails, the U.S. must impose its leadership and authority over incompetent leaders who can't be replaced —without shattering the facade of Vietnamese authority.
>
> "Such obvious U.S. intervention could lead to new Communist charges of 'colonialism,' and thus give the Viet Cong a new ideological tool to work with."***

The American military abandoned the pretense of clearing its

Fortune, Sept. 1965.

***New York Times*, June 29, 1964.

****New York Herald-Tribune*, March 27, 1966.

actions with Vietnamese officers and of taking Vietnamese along as nominal pilots on bombing raids. The pro-U.S. South Vietnamese forces were dropped from all pretense of serious military activity and left to carry out secondary garrison and police duties, where they could be kept from deserting en masse.

Having taken over the rule of the country, the U.S. Government does not intend to give it up voluntarily.

Fortune's Murphy wrote: "The fear which broods over the U.S. community in Saigon is that many influential Vietnamese who are not Communists . . . may . . . seize the government, declare for neutrality, and invite the U.S. to depart."*

Trying to remove that fear, U.S. Ambassador Lodge told a closed session of the Senate Foreign Relations Committee that "the United States would keep forces in South Vietnam even if a South Vietnam government requested their withdrawal."**

When President Johnson visited Camranh Bay in October 1966: "All Vietnamese stationed or employed here were required to leave the base for the duration of the President's visit. . . ." Not a single Vietnamese is trusted sufficiently by the Americans to be admitted within miles of their ruler. In this case the colonial subjects were not merely kept in their place, they were thrown out of sight altogether! Johnson's characteristic crudity, and usually concealed chauvinism, were revealed in his admonition to a group of senior U.S. officers at the base: "Come home with that coonskin on the wall."***

There have been numerous references to the permanent character of the bases being erected at Camranh Bay and elsewhere in South Vietnam. The United States built an entire city for its occupying forces at Ankhe in the Central Highlands, and planned a 30-square mile military city for its troops 18 miles north of Saigon. It gives every impression of digging in for an indefinite stay. People know that the United States moved into South Korea en masse in 1950 to "protect" that country, and are still there, even though all foreign troops have been out of North Korea for many years.

All this explains the basis for the *New York Herald Tribune* six-

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**Fortune*, May 1965.
***New York Times*, August 11, 1965.
****New York Times*, Oct. 27, 1966.

column headline: *"South Viets Identify GIs with Colonialism."**

It explains why the North Vietnamese and the National Liberation Front regard the Saigon Government as a puppet of American rulers, why they disbelieve U.S. offers to ultimately withdraw troops after the NLF and the North Vietnamese lay down their arms. It explains why the United States must take concrete actions toward terminating its colonial grip on South Vietnam before peace can be achieved.

Pax Americana

The U.S. big business takeover of South Vietnam economically is connected, as shown earlier, with the aim to exploit the entire Far East. Similarly, the attempted colonization of South Vietnam is linked to similar aims in the Far East and on a global scale.

Recently Rusk and Johnson have confirmed the universal scope of their claims to "responsibility" and "commitment," with special reference to the Pacific and the Far East. The journalists are more forthright in discussing what is meant by talk of our "Pacific power." Pro-Administration columnist Richard Wilson puts it this way:

> "Why we are fighting in Vietnam invites a somewhat more candid analysis than President Johnson is able to provide within the inhibitions of the domestic political controversy. . . . It is quite true, as the peaceniks say, that we are trying to be the policeman of the world. . . . We are seeking, administration spokesmen to the contrary, a kind of Pax Americana. . . . Our far-flung international activities do resemble, as Premier Kosygin charges, those of the Roman Empire . . . we did place our military forces all over the world and achieved an unprecedented control and influence in the policies of other nations. . . . That is a position which we will not lightly give up."**

The U.S. Must Leave Vietnam

The day of empires is gone. The Nazis failed in the attempt to rule the world. So will those in America with similar ambitions. Modern communications and transportation make it impossible for the would-be empire builder to subdue each victim in isolation.

**New York Herald-Tribune,* January 17, 1966.
***Ossining Citizen Register,* Dec., 15, 1966.

The movement for independence from *all* empires has made enormous headway in the past two decades. America is the last great imperial power, but it has been ejected from several areas already, and now it is undergoing its most dramatic loss with the forced evacuation of bases in France.

The Washington Administration has made the war in Vietnam a testing ground for all the world's conflicting forces. Its leaders assert that if defeated there, their power will be respected nowhere. True, the defeat of U.S. empire-building in Vietnam will hasten its defeat elsewhere. But the more Washington plunges into the gamble, the more will be its losses. And gamble it is, when one considers the formidable obstacles the U.S. faces.

Foremost is the Vietnamese striving for independence, the unsurpassed heroism and stamina of a people fighting against assorted heavily armed oppressors for 25 years, their evident success in repulsing nearly half a million Americans and assorted foreign invaders now ranged against them, with the most destructive non-nuclear military equipment the United States can muster.

Undoubtedly this is the main factor holding up the specific colonialist aim of the United States in Vietnam. NLF successes in exploding Standard Oil storage dumps help explain why the proposed Standard Oil refinery first announced in 1962 still remains on paper. It may be a long time before Mr. Fuller clears the Vietnamese from the intended area of his sugar plantations and mill at Tuyhoa. And how can the Americans build a military city 18 miles from Saigon when the NLF now operates at the capital's very boundary?

The Vietnamese people's liberation struggle will certainly be recorded as one of the outstanding feats of history. Yet alone even the Vietnamese people could not defeat the United States. Other factors are on their side.

There is increasing worldwide revulsion and opposition to American barbarism and American intervention as a whole in Vietnam. Scores of governments of the "third world," even some allies of the U.S., and outstanding leaders from the Pope to the Secretary General of the United Nations call with increasing insistence for an end to this aggression. Millions of people on every continent protest and demonstrate, as American official institutions are increasingly rejected, unable to wipe off the mark of infamy associated with Vietnam.

Nor can the rising opposition to war among the American people

be ignored. The President who came to office with the most popular support of any chief executive since Roosevelt, in less than two years has become so unpopular that Congressional candidates of his own party reject his offer of campaign speeches. Over 50 members of Congress have publicly rejected the escalation policy. Polls show the country split down the middle on Vietnam. Hundreds of thousands have participated in anti-Vietnam War demonstrations in scores of places. Never before has there been so much internal opposition to any foreign war of the U.S.

Of utmost importance is the economic, political, and especially military assistance rendered North Vietnam and the NLF by the USSR and other socialist countries. American pilots speak respectfully of the Soviet-made planes—and now Soviet-trained pilots—they are increasingly coming into conflict with over Vietnam. U.S. sources estimate that the USSR has supplied North Vietnam with 5-7,000 anti-aircraft guns, anti-aircraft missile batteries, and "more radar sets per square mile in operation in North Vietnam than in Eastern Europe." This "formidable anti-aircraft defense system . . . is already the most advanced that American pilots have ever faced."*

The seven Warsaw Pact powers, headed by the USSR, jointly declared their intention to increasingly render "every kind of help needed to victoriously repulse the American aggresssion," including, "if the Government of (North) Vietnam requests, to allow their volunteers to go to Vietnam in order to help the Vietnamese people."**

The open-ended, virtually unlimited commitment of this statement is confirmed by the tone and content of speeches of political leaders of these countries, and supported by popular attitudes there.

The United States has been unable to obtain a fraction of this support from its NATO allies, and nothing like a joint commitment to effective action.

Against this variety of hostile forces, the Johnson Administration has the significant support of the West German, British, and Australian governments, but diminished in effectiveness by domestic opposition and by hesitations of the governments concerned. Its trump card is the use of the recently widened split between China,

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New York Times, Sept. 28, 1966.

***Pravda*, July 8, 1966.

on the one hand, and the USSR and the world Communist movement, on the other.

These points cannot be minimized, nor can the huge economic and military strength of the United States. But the advantages have been insufficient to win in the past. The support of Johnson is dwindling, while the power and breadth of his opposition worldwide is rising. Given this dynamics of world forces, continued escalation cannot lead to the surrender of the NLF and North Vietnam, nor to the consolidation of U.S. colonial rule of South Vietnam. It can lead, if pursued far enough, only to one end—the disaster of a third world war, and this in all likelihood a nuclear war. Soviet Premier Kosygin claims that the international situation is already "white hot" and that further escalation would "create an immediate danger of a military conflict going beyond the limits of Southeast Asia and would create a threat to universal peace."*

Those who regard such statements as bluff are gambling with more than their own safety. It is essential, to ensure the survival of the American people, as well as the Vietnamese, that the U.S. deescalate and withdraw—presumably negotiating settlement terms in the process—before going any closer to an outcome tragic for the entire world. Nobody can say which next step will be the last step over the brink.

Eisenhower, avid for the Southeast Asia Empire, said he would not bar use of nuclear weapons in Vietnam. Then Johnson, striving to win that empire, when asked at a press conference, did not rule out use of the weapon.**

Can you leave your fate in the hands of such recklessly greedy men? Can you wait? In the last analysis the American people have the ultimate responsibility for forcing their government to withdraw in time. Experience shows that governments, including the U.S. Government, can be forced to retreat from positions they never intended to yield. The U.S. was forced to give up bases built for permanent use in Morocco. It is now being forced out of a vast network in France. It was forced to desist from invading Cuba. It can be forced to give up the attempt to make South Vietnam its colony.

If the American people learn the lessons of this war similar

Izvestia, August 20, 1966.

***New York Times*, Oct. 7, 1966.

tragedies, and worse international catastrophes, can be avoided in the future.

The Vietnam War is a particular consequence of the structural evolution of American society. Economically the country is dominated by a few giant corporations, which have become *international corporations.* Already they receive one-third of their profits from abroad, and they are concentrating on expanding in low-wage foreign countries. The U.S. has acquired the largest and most powerful military establishment in history, with a fantastic budget, large conscript armed forces, hundreds of foreign bases, and a controlling corps of brass itching to pull triggers and push buttons, nuclear or otherwise. Around this establishment has arisen a correspondingly huge and profitable munitions industry.

Big corporations and the military are joined in the military-industrial complex, which with the international corporations has the dominant voice in Washington and dictates a foreign policy of expansionism, strident anti-Communism, and disguised colonialism.

This, in essence, is the description of United States *imperialism,* that characteristic twentieth century form of capitalism. The author believes that this war-breeding, outward-driving alliance of magnate and militarist can be ended permanently only when the people replace capitalism with socialism. Short of that, the people can pull the fangs out of imperialism, so to speak, even while capitalism remains. France, for example, after long and bloody wars to retain colonies in Indochina and Algeria, shifted its policy.

The American people, by internal political pressures, can impose a less aggressive set of policies on our own imperialists. To this end, the people should strive for:

- Reduction of the military budget and armed forces to a fraction of their present size. Elimination and destruction of nuclear weapons. These steps to be carried out through international agreements with the USSR and other powers.
- Withdrawal from all foreign bases—again in accord with international agreements binding other powers to keep their troops at home.
- Ending all diplomatic and military support, tax privileges and financial handouts, for foreign investments of U.S. corporations. Recognition of complete authority by host governments over foreign, including U.S. business enterprises, as a strictly internal matter of no concern to the U.S. Government.

• Ending military foreign aid and trade. Changing the character of economic foreign aid to emphasize assistance to projects for basic industrial and agricultural development. Abandoning the use of foreign aid as a lever of pressure on the internal affairs of recipient countries. Channelling foreign aid to the extent possible through the UN, with socialist country participation.

• Development of enlarged and varied economic, cultural, and scientific relations with socialist countries.

Such a policy will reduce the power, and in some cases, the profits of a number of giant corporations. It will eliminate the new military elite as a major force. It can only be achieved, therefore, by overcoming determined resistance by these groups. But it is worth while for Americans to conduct the necessary political battle. Victory in it will provide security to the American people and to the world. It will open the way for a vast expansion in American foreign trade, making a major contribution to raising living standards in the developing countries, and to increasing peaceful employment opportunities at home. It will prove advantageous economically to the great majority of American working people and to many business enterprises. It will create conditions in which major strides can be taken towards solving our urgent, glaring, domestic problems.

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